



LUMP SUM DEFERRAL PROCESSING REMINDERS

Use these reminders to ensure timely processing of Lump Sum Deferrals.

FORMS SUBMISSION

- ❖ PAR/PPT Package
 - Submit PAR/PPT, Lump Sum Separation Pay Deferral Election Form (Election Form), and Catch-Up Approval Letter (if applicable) to SCO.
- ❖ Traditional Catch-Up Application must be submitted by the employee to Savings Plus (if applicable) for approval.
- ❖ Catch-Up Approval Letter – Savings Plus will notify the employee if approved to participate in Catch-Up (if applicable).
 - Employee must provide a Catch-Up Approval Letter to their Personnel Office (HR) and complete the Election Form with the amount they elect to defer for each applicable tax year.
- ❖ Election Form
 - Section II Contribution Information Item B:
 - Complete with the total amount for each applicable plan and tax year.
 - Verify Year to Date (TAXI) totals for 401(k) and 457.
 - Verify 2nd screen on TAXI (F8) for Roth contributions.
 - Catch-Up amount should be included in the total of the 457 plan for the applicable tax year.
 - If deferring into 403(b) and 401(k) the combined amounts cannot exceed the annual limit for the 401(k) plan.
 - Section III Participant Certification:
 - Employee must sign and date at least five working days prior to the separation date (**no exceptions**).

PAR DOCUMENTATION

- ❖ Refer to PAM Section 2.125, Sections 2.81- 2.85, Section 3.200 and Section 5.76
- ❖ Lump Sum projections should occur in the following order:
 - Item 620 Lump Sum Vacation (Payment Type 4)
 - Item 625 Lump Sum Extra (Payment Type 3)
 - Item 620 Lump Sum Sick Leave (Payment Type 5)
- ❖ Deferring into two tax years
 - When deferring into two tax years document lump sum time on the 1st PAR using Lump Sum Vacation first until exhausted; followed by Lump Sum Extra, then Lump Sum Sick Leave (if applicable).

- 1st PAR will include the days/hours to be issued in the current tax year.
- 2nd PAR for the following tax year will show all the lump sum time the employee has accumulated.
 - SCO Payroll staff will project out all accumulated time and issue pay/deferral for the remaining leave available.
- ❖ Immediate Pay – If “X’d” regular pay will issue for the month of separation in the next daily payroll cycle. If blank, regular pay will issue at the end of the pay period.
- ❖ Item 10
 - Complete with Savings Plus account type and amount(s) being deferred for the tax year.
 - Specific amounts will be taken as requested if possible, otherwise SCO Payroll staff will take as appropriate.
 - Account type and total deferral amount for the tax year should agree with Election Form.
 - Include non-verifiable rates
- ❖ For employees claiming a tax exemption, it will expire on January 31, 2019. Any lump sum payment issuing beyond the January pay period will revert to “single” and “0”. Therefore, agencies/campuses must key an EAR transaction permanently exempting the employee from taxes to ensure lump sum payments after the January pay period issue correctly. To permanently exempt an employee from taxes, use the same procedures as the “deceased” employee EAR transaction in the PAM Section 10.16.1. PPOB recommends agencies/campuses key the permanent exemption EAR transaction prior to submitting the PAR/PPT and supporting documentation. **PPOB will not re-issue lump sum payments due to untimely or incorrect EAR transactions.**
- ❖ Please be sure name and contact information are legible and completed on the PAR.

IMPORTANT REMINDERS

- ❖ Verify TAXI for Year to Date contributions (include Master deduction(s) if Master pay will issue in the tax year).
- ❖ Check weekly processing dates on the SCO public website.
- ❖ Zero out employee leave balances on the California Leave Accounting System (CLAS).
- ❖ Cancel employee’s direct deposit.
- ❖ Check for garnishments that will apply to regular and lump sum payments which will reduce the amount available to defer.
- ❖ Contact SCO regarding deferral/payment amounts before redepositing warrants.
- ❖ SCO Payroll staff will contact departments when pay needs to be redeposited due to incorrect pay/deferral.
- ❖ **SCO will not determine which account to defer maximum (Max) contributions.**
 - If the employee has multiple accounts and only has enough lump sum time to Max out one plan, it must be specified on the Election Form (i.e. Max out 401(k) and apply remainder to 457).
- ❖ PARs submitted with lump sum in excess of 99 999 00 should be submitted as soon as possible for timely processing due to the number of payroll cycles needed to issue pay in the last pay period of the available calendar.

- ❖ Contact the Statewide Customer Contact Center (SCCC) at (916) 372-7200 and select:
 - Statewide Civil Service Personnel for questions regarding PAR documentation and processing.
 - Statewide Civil Service Payroll for questions regarding payroll and deferred compensation.
- ❖ The SCCC will research the Lump Sum and CS PAR Trackers and send phone inquiries to the appropriate area.